

# The 8 Lessons Entrepreneurs Could Learn From Farmers

Embracing a farmer's work ethic will do more than put food on your table.

There's a saying in farm country: "Don't ever bet against farmers." Farmers must grow their businesses while constantly battling declining profit margins, industry incumbents with vastly more market power and the daily roller coaster of commodity prices and weather. In many ways, farmers are the ultimate entrepreneurs, constantly innovating, growing businesses by themselves and taking full responsibility for all aspects of product delivery. Entrepreneurs could learn a lot from America's farmers. Here are eight lessons from the farm that every startup should embrace.

## **1. Have a mission that matters.**

Is what you are doing important and essential? As an entrepreneur, it better be if you wish to be successful. Farmers have selected a profession that is essential and fundamental to society. As the population grows, being productive on every acre of land becomes even more important.

## **2. "He who has the most data, wins."**

Larry Ellison was onto something with this quote. The second tip startups could learn from farmers is that data analytics are key to success. The average farmer in the FBN network, for example, collects more than four million data points per year. And they have a good reason to do this. In one study, farmers who planted the top-ranking seeds from aggregated data analysis yielded up to 12.5 percent more than those who didn't. In ever-changing conditions, you can't assume that something that worked once will continue working. In farming, as any business, you need to know your data cold so you can innovate with confidence.

### **3. A handshake and your word are as important as a contract.**

In this day and age of excessive litigation and easy online legal services, you might think that contracts are all that matters. But in fact, your reputation and your longevity in business are governed more by your actions than by any words on paper. Farming communities are small, and farmers live and die by their word and the trust that is built with the various vendors they do business with. I suspect this simple fact could be lost on many entrepreneurs in other industries, but it is of the utmost importance -- there is a compounding return on your ethics and keeping your word.

### **4. You reap what you sow.**

The fourth tip from farmers is true in both a literal and figurative sense -- you reap what you sow. Farms are often multi-generational entrepreneurial enterprises. Similarly, although stories of unicorns captivate popular attention in the startup world today, the truth is that many of the most consequential tech companies, like Apple, Google and Amazon, have been around for a decade or more. The lesson? Focus on the long-term goal instead of flaring up and then flaming out suddenly. Farmers have to think about decisions in terms of decades, not days. For example, a farmer can boost near-term yields by aggressively tilling the soil, but doing so will have long-term consequences for their soil health and require costlier fertilizer programs in the future. Farmers have to think carefully through their decisions and the possible far-reaching consequences, a type of visionary management that entrepreneurs would do well to emulate.

### **5. Focus on what you can control.**

The fifth tip from farmers is to focus on what you can control. Being an entrepreneur, especially a farmer, means you must have the inherent trait of being nimble. Sure, you have to put in the proper amount of time planning, but you must also equip yourself for the likelihood that Plan A might change. Farmers can't control the weather or markets. Instead, they can focus on raising a good crop, finding new markets, building soil health and managing their costs -- all of which mitigate their risk exposure. Entrepreneurs must be ruthless about where they spend their time; you can create value in the areas you can affect directly. Placing focus on what you can control and how you react to those changes is what matters the most in the entrepreneurial journey.

## **6. Systematically retire risk.**

The sixth lesson startups could learn from farmers is to find ways to reduce risk. As an entrepreneur, risk is an inevitable part of the journey. From the moment you make the decision to start a business, you must systematically reduce the risks facing your business, whether that's through focusing on product-market fit, fundraising or building your team. Farmers are exposed to huge amounts of risk, most of which they can't control. Like startup founders, they deploy sophisticated risk management strategies, including varying their crop rotations, renting land, selling crops to many different parties, and developing specialized markets. The quicker you're able to retire manageable risks, the sooner you're able to reinvest on what will make your business scale.

## **7. Brains matter, but so does hard work.**

Lots of smart entrepreneurs think they can invent something great and then go to Barbados and just watch it grow. Unfortunately, business doesn't work that way. Farming

is the ultimate combination of brains and hard work. You need to have brains to figure out how to maximize the value of your crop, but once the thinking is done, there is real hard work to do. Farming is a beautiful marriage of brainpower and hard labor, and all entrepreneurs and industries could learn from it.

### **8. Continual innovation is a muscle. Exercise it.**

The eighth and final tip is to always continue innovating in your business. Many people think of farmers as behind the times. Those of us who work with farmers feel the opposite way. Farmers embrace innovation. They have to because they are in a very competitive commodity business. And innovation gives you a real advantage if you adopt it early. I find farmers to be on the front end of willingness to take risk and innovate if there is a potential return.